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Action

Fiscal Policy and Planning Committee

Establishment of the Fee Structure for Commission Examinations for 2007-08

Executive Summary: Per Education Code section 44235.1, staff will present a revised examination fee structure for Fiscal Year 2007-08 and an update on the projected 2007-08 examination revenues.

Recommended Action: Staff recommends the approval of the 2007-08 examination fee structure as identified in the agenda item.

Presenter: Crista Hill, Division Director, Fiscal and Business Services Section

Strategic Plan Goal:

Continue to refine the coordination between Commissioners and staff in carrying out the Commission's duties, roles and responsibilities.

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- ◆ Conduct periodic review of the efficiency of the day-to-day operations and financial accountability of the Commission

March 2007

Establishment of the Fee Structure for Commission Examinations for 2007-08

Introduction

Education Code section 44235.1 provides the authority for the Commission to review and approve the examination fee structure, as needed, to ensure the current California examination program is self supporting. The examination programs include the California Basic Educational Skills Test (CBEST), Reading Instruction Competence Assessment (RICA), California Subject Examinations for the Teachers (CSET), and California Teacher of English Learners (CTEL). This item describes the costs associated with the various examination programs and presents the proposed fee structure for the 2007-08 testing year.

Background

In operating the CBEST, RICA, CSET, and CTET examination programs, the Commission bears costs in two major categories: contracted costs and non-contracted costs. (It is important to note that in FY 2005-06 the contracted costs were transitioned to what is known as “revenue only” contracts and as a result of this transition the costs are retained by the vendor when the fee is paid by the candidate.) Education Code sections 44252.5, 44253.8, and 44298 require that costs be covered through the fee examinees pay for administration of each examination. The fees include (a) a fee that registrants pay for each examination to cover the costs of administering the examination and that is retained by the contractor, and (b) a program management fee that registrants pay to cover the Commission’s costs for operating the California examination programs.

The contracted costs category is the largest and covers the test administration and/or development work performed by the contractor for each of these examination programs. The contractor retains a fee per test administered, as specified in the contract, and is based upon the total number of tests administered each year. The non-contracted costs include staff time for managing the examination programs, which include monitoring the contracts and completing other Commission administrative responsibilities related to the examination programs.

To determine fees for these testing programs, Commission staff projects examinee volumes for each program based on a weighted average from past year actuals and compares this with the proposed non-contracted Commission costs for the testing year. It is important to note that a testing year is aligned with the fiscal year and runs from July – June. From these projections Commission staff identifies a fee that is appropriate and necessary to ensure the program is self supporting, as well as leaves a healthy reserve within the Test Development and Administration Account, in which the fees are deposited at the State level. The fees were last adjusted in the 2005-06 testing year and were increased by \$6.00 for all examination programs, except CBEST, to cover the operating costs proposed during that fiscal year.

Proposed Examination Fees For The 2007-08 Testing Year

Based on the current projections and the award of the new “administration only” contract for FY 2007-08, the Commission staff believes that the current examination fees should be re-examined. Under the new examination contract for CBEST, CSET, and RICA (2007-08 - 2009-10), awarded at the November – December 2006 Commission meeting, costs associated with the

contract have decreased as a result of the deliverables included in the contract. This was possible due to the fact that previous contracts included both development and administration of a particular examination. Under the new agreement the contractor costs reflect only the administration portion for the CBEST, CSET and RICA examinations.

In FY 2007-08 fees for the CBEST and CTEL would not be adjusted given the programs' anticipated volume. In addition, the projections do not reflect the impact of the changes in the exam structure authorized as part of SB 1209 (Chap. 517, Stats. 2006). As part of SB 1209, multiple subject credential candidates may meet the basic skills requirement by taking the CSET: Multiple Subjects examination plus a new CSET Writing Skills subtest. Prior to the passage of this new legislation, candidates were required to take two separate exams, the CBEST and CSET-MS.

There are two purposes for bringing this issue to the Commission for review and approval: 1) this is the time of year that Commission staff work with the vendor to prepare the registration bulletins for the next testing year; and 2) this coincides with required update of the Fund Condition for the Test Development and Administration Account for discussion purposes with the Administration and the Legislature.

Anticipated Impact of New Fees on Candidates

The Commission staff ran several scenarios to determine the best solution. This included adjustments from minus \$5.00 - \$12.00 for the CSET and RICA only. Based on the current projections it appears that a reduction of \$10.00 for the RICA, \$12.00 for the CSET series and \$102 reduction for the RICA video performance assessment examination will produce sufficient revenues to ensure candidates benefit from a reduction in fees, the Commission's operations are fully funded, and ensure a healthy reserve in the Test Development and Administration Account. The dramatic fee reduction for the RICA video performance assessment examination is due to the vendor collecting the same vendor fee for both RICA examinations, which is a change from the previous contract.

Examination Program	Under New Contract 2007-08 Thru 2009-10			Proposed Fee Structure		
	Candidate Fee (<i>Status Quo</i>)	New Vendor Fee	Commission Mgt Fee	Candidate Fee (<i>Revised</i>)	New Vendor Fee	Commission Mgt Fee
RICA						
<i>RICA-Written Examination</i>	\$140.00	\$70.00	\$70.00	\$130.00	\$70.00	\$60.00
<i>RICA-Video Performance Assessment</i>	\$232.00	\$70.00	\$162.00	\$130.00	\$70.00	\$60.00
CSET	\$222.00	\$129.00	\$93.00	\$210.00	\$129.00	\$81.00

Provided below is a summary of the fiscal impact under the proposed new fee structure.

Test Development and Administration Account

	2005-06 (Actual)	2006-07 (Estimated)	2007-08 (Proposed)
Beginning Balance	\$1,758,000	\$3,283,000	\$1,752,000
Revenues	4,343,000	\$3,265,000	\$5,258,000
Expenditures	-2,818,000 ^{1/}	-4,796,000 ^{2/}	-4,192,000 ^{3/}
Ending Balance	<u>\$3,283,000</u>	<u>\$1,752,000</u>	<u>\$2,818,000</u>

^{1/} It is important to note that this does not reflect \$545,000 in expenditures that was paid by the General Fund in FY 2005-06.

^{2/} This reflects the back-fill in expenditure authority of \$545,000, based on the proposed projections in the fund balance, plus other minor adjustments as part of the FY 2007-08 budget development process.

^{3/} It is important to note that the projections for CBEST are based on the current environment before SB 1209. At this time it is unclear the impact of this legislative change. It is possible that this change could significantly reduce the number of CBEST examinations administered after July 2007.

Sample Candidate Costs

In an effort to demonstrate the impact to the candidate of the proposed changes, provided below are a three scenarios for review. In each scenario the candidate will experience a reduction in examination fees.

Scenario 1 - Multiple Subject Credential Costs – With CBEST

The “Current Fees” row of the table below reflects the examination costs for a Multiple Subject (MS) Teaching Credential under the current fee structure for a candidate who verifies subject matter competence using the CSET – MS examination. In this structure a candidate takes the CBEST, CSET – MS, and RICA.

The “New Fees” row of the table shows the examination costs for a candidate wishing to obtain similar certification considering the proposed 2007-08 fee structure. In this structure a candidate will take the CBEST, CSET - MS, and RICA.

Multiple Subject Credential Costs – With CBEST				
	CBEST	CSET	RICA	Total
Current Fee	\$41	\$222	\$140	\$403
New Fee	\$41	\$210	\$130	\$381
<i>Overall Reduction</i>				<i>-\$22</i>

Scenario 2 - Multiple Subject Credential Costs – With The New CSET-Writing Skills Subtest

As mentioned previously, SB 1209 provided a new option for MS Teaching Credential candidates. Under this new structure MS Teaching Credential candidates can also demonstrate

their basic skills at the same time as they take the CSET-MS examination. The table below compares the examination costs for a MS Teaching Credential candidate under the current CBEST/CSET fee option and the new option for the candidate to verify basic skills by taking the CSET-MS plus the new CSET Writing Skills subtest.

Multiple Subject Credential Costs – With CSET - Writing Skills				
	CBEST	CSET	RICA	Total
Current Fee	\$41	\$222	\$140	\$403
New Fee	--	\$245 ^{1/}	\$130	\$375
Overall Reduction				-\$28

^{1/} Per SB 1209 the writing skills subtest fee would cost a candidate an additional \$35.00 for this component of the examination.

Scenario 3 - Single Subject Credential Costs – Foreign Language - Spanish

The next table demonstrates a similar situation for a candidate working toward a Single Subject Teaching Credential in Foreign Language – Spanish. Under the current structure a candidate takes the CBEST for basic skills and the CSET examination for Spanish.

Single Subject Credential Costs – Foreign Language - Spanish				
	CBEST	CSET	RICA	Total
Current Fee	\$41	\$222	--	\$263
New Fee	\$41	\$210	--	\$251
Overall Reduction				-\$12

Recommendation

Commission staff recommends that the Commission adopt the 2007-08 examination fees as reflected in Table below.

Proposed Examination Fees for 2007-08	
CBEST	\$41.00
RICA	\$130.00
Written Exam	
Video Performance Assessment	
CTEL	\$294.00 ^{1/}
CSET	\$210.00

^{1/} The fee structure for the CTEL exam reflects the previously established fee structure outlined under the current contract.